



STATE OF IOWA

CHESTER J. CULVER, GOVERNOR
PATTY JUDGE, LT. GOVERNOR

DEPARTMENT OF HUMAN SERVICES
CHARLES J. KROGMEIER, DIRECTOR

INFORMATIONAL LETTER NO. 808

DATE: June 3, 2009

TO: Iowa Medicaid Hospice Agencies

ISSUED BY: Iowa Department of Human Services, Iowa Medicaid Enterprise

SUBJECT: Revision of the Hospice Wage Index for FFY 2009

The purpose of this informational letter is to provide you with information regarding the impact the revision to the Hospice Wage Index has on the Iowa Medicaid hospice payment rates for the Federal Fiscal Year (FFY) 2009.

Background

The Hospice Wage Index is used to adjust base payment rates to reflect local differences in wages. The Hospice Wage Index is updated annually and published in the Federal Register. In FFY 2009 the budget neutrality adjustment factor (BNAF) was reduced by 25 percent for the first year of a three-year phase-out of the BNAF. This provision was published in the Federal Register on August 8, 2008.

Public Law 111-005, the American Recovery and Reinvestment (ARRA) Tax Act of 2009, delays the implementation of the BNAF phase-out until FFY 2010, therefore, the Hospice Wage Index for FFY 2009, was revised to eliminate the 25 percent reduction in the BNAF. The revised wage index has been published on the CMS website, at the following link:
http://www.cms.hhs.gov/Hospice/downloads/FY2009HospiceWI_ARRA.pdf.

Impact on Iowa Medicaid

The wage index is applied to the Medicaid hospice rates. Please note that the Medicaid rates published by CMS in a September 10, 2008, memorandum have not changed as a result of the revised wage index. The new wage index will be applied to the portion of each Medicaid hospice rate category subject to the wage index.

The Iowa Medicaid Enterprise (IME) will reprocess paid claims that are affected by the wage index revision for dates of service beginning October 1, 2008.

If you have any questions related to this Informational Letter please contact IME Provider Cost Audit and Rate Setting Unit at 1-866-863-8610 or locally at 515-725-1108.